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February 11, 1997

William F. Caton  
Secretary  
Federal Communications Commission  
1919 M Street, N.W.  
Washington, D.C. 20554

Re: **Cable Home Wiring**  
**Ex Parte: CS Docket 95-184/MM Docket 92-260**

FEB 11 1997  
FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY

Dear Mr. Caton:

The enclosed letter and attached exhibit were delivered on behalf of Cablevision Systems Corporation to Marsha MacBride of Commissioner Quello's Office and copies were also sent to Anita Wallgren of Commissioner Ness' Office, Jackie Chorney of Chairman Hundt's Office, Suzanne Toller of Commissioner Chong's Office and Cable Services Bureau Chief Meredith Jones. These materials supplement Cablevision's earlier discussions with those offices as to the actual costs to cable television operators of wiring MDUs. These filings show that in New York City MDUs alone Cablevision's direct capital investment in home wiring, excluding any overhead costs, exceeds \$80 million.

Sincerely,



Frank W. Lloyd

Enclosures

cc: Marsha MacBride  
Anita Wallgren  
Jackie Chorney  
Suzanne Toller  
Meredith Jones

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February 5, 1997

Ms. Marsha McBride  
Federal Communications Commission  
1919 M Street, NW  
Room 802  
Washington, DC 20554

Dear Ms. McBride:

I am enclosing the attached in follow up to our meeting yesterday. I was able to compile information for the three systems on Exhibit 2 from our previous filing (which we left with you yesterday) where we compete with Liberty Cable or RCN. These three systems represent 31% of the total homes Cablevision passes. (As you recall, Cablevision also serves such highly dense areas as the City of Yonkers, the City of Newark, the City of Cleveland, and much of the New York City environs.)

You will note I have provided you not with subscriber numbers, but with homes passed numbers. This is the relevant number when assessing our capital investment. When Cablevision wires a building we bring the wire outside every apartment regardless of whether that apartment subscribes to us or to a competitor or to no service at all. For example, in New York City we have invested the capital to wire 539,400 individual residential MDU units (many already served by a competitor) at an average cost of \$150.00 per unit, not including overhead. Obviously, were we to compute the costs on a per subscriber cost, it would be much higher as our penetration is often only 30% or 40% in a building--particularly where there is a competitor.

The costs on the attachment reflect "out-of-pocket" costs only. They do not include any costs for lost opportunities should we be denied the rights to sell services to these residences.

Ms. McBride

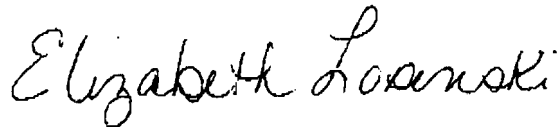
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I hope this provides you with some sense of the extent of the impact on our company from any decision by the Commission to move the point of demarcation and deny us the benefit of this investment. Cablevision has expended enormous effort to bring the availability of our service to every home in our service area. Our franchises require it and our philosophy leads us to do so. We have accepted the risk of competition and assured through our design and investment that any individual who would like to buy our service will receive the highest standard of performance from the system. To deny us the use of this investment provides an enormous windfall to a competitor, denies choice to the residents and severely sets back the growth of facilities-based competition

I would be more than happy to provide additional information. Please feel free to call me at (516) 393-1222.

Sincerely,

A handwritten signature in cursive script that reads "Elizabeth Losinski".

Elizabeth A. Losinski  
Director of Regulatory Affairs

EAL:la

Attachment

## **ATTACHMENT 1**

### **Total Residential Units Wired by Cablevision**

<b><u>System</u></b>	<b><u>Total Homes Passed</u></b>	<b><u>MDU Homes Passed</u></b>	<b><u>%</u></b>	<b><u>Per Unit Wiring Cost*</u></b>
New York City	1,012,000	539,400	53	\$150.00
Boston	258,100	116,500	45	\$300.00
Hudson County, NJ	96,800	60,000	62	\$200.00
Total	1,366,900	715,900	52	

\* MDU wiring cost is without overhead